

# Monthly Middle East newsreel

November 2010

## United Arab Emirates

Dubai is considering privatising some of its most prized assets to raise money for billions of dollars in upcoming debt repayments. "There might be a privatisation plan, which is something we're working on with the Government," Mohammed al Shaibani, the director general of the Dubai Ruler's Court and the chief executive of the Investment Corporation of Dubai (ICD) said speaking at the first quarterly update on Dubai's economy, part of the Government's plans to increase its openness after the financial crisis. Mr al Shaibani recently told the Financial Times there was no need for the Government to have full ownership of Emirates Airline, which could be partially sold to investors through a public listing.

*(The National 29.11.2010)*

Proleads Global, a UAE-based market research company has reported that nearly 1,300 projects valued at more than \$418 billion (Dh1.5 trillion) are under construction in the UAE, with an additional 303 projects worth \$143 billion in the design, planning or bidding stage. Dubai Chamber of Commerce and Industry in August states that the UAE is still the largest construction market in the GCC with \$714.8 billion worth of projects in progress or in the planning stages. The UAE government earmarked almost \$12 billion from the 2010 budget for infrastructure projects, according to Business Monitor International.

*(Gulf News 22.11.2010)*

The Institute of International Finance (IIF) estimates that Dubai faces repayment on \$42.3bn of debt next year and in 2012. But fears remain that the improved climate for fund-raising will not be enough to tide Dubai over without further assistance. And with debt obligations next year and in 2012 equal to 28 per cent of Dubai's GDP, the IIF says other government-related entities will probably seek to restructure their debt. Dubai Holding will need restructuring unless it is able to sell some of its assets at market prices, said Mr Iradian, the IIF deputy director for Africa and the Middle East. The emirate's total debt obligations are estimated by the IIF at \$112.3bn, or 140 per cent of its GDP.

*(The National 08.11.2010)*

Dubai Islamic Bank (DIB) plans to launch the UAE's first real estate investment trust in a move the bank hopes will rekindle the Dubai property market. Real estate investment trusts, commonly called REITs, allow investors to buy into a portfolio of properties, which pay income from rents and sales in much the same way as a mutual fund profits from equities. The Emirates REIT, as it will be known, would allow the bank to tap into liquidity from overseas investors seeking access to local property markets. DIB's management hopes the REIT will provide the necessary spark to rekindle the emirate's property market, which has struggled after the global economic crisis. It has been developed as part of a joint venture by DIB and Eiffel Management, a French asset management company.

*(The National, 25.11.2010)*

The recent Abu Dhabi Formula One (F1) Grand Prix helped the emirate's policymakers achieve objectives both on a strategic and touristic level, but the government is eager to achieve even loftier tourism goals in 2011. Hotels enjoyed bumper occupancy levels, while retail and food and beverage outlets benefited from an influx of well-healed visitors to the emirate.

*(Oxford Business Group 22.11.2010)*

The Executive Council in Abu Dhabi decided that no annual increase above 5 per cent of the original rental value specified in the tenancy contract will be valid. The decision also extended the deadline to vacate the leased properties, the tenancy period of which have expired, until November 9, 2011.

*(Gulf News 05.11.2010)*

The developer Al Murjan's move to file for bankruptcy will set important precedents in the UAE as the decisions in the case could create a framework for other investors. Although there are federal laws covering bankruptcy, legal experts say they have almost never been tested. Al Murjan Real Estate is an equal partnership between Sheikh Abdullah bin Rashid, Deputy Ruler of Umm al Qaiwain, and Al Khalijia Investments, according to a letter sent to investors by the liquidators assigned to the case. The partnership planned to build a resort named White Bay on the coast of Umm al Qaiwain, promising more than 8,000 residential units, a shopping centre and a marina covering 19 million square feet on two islands.

*(The National 27.11.2010)*

## Bahrain

Aluminium Bahrain priced its initial public share offer at the bottom of the indicated range, having attracted just enough demand for all the shares offered by sovereign wealth fund Mumtalakat, which raised \$338 million. Mumtalakat said the institutional tranche was priced at 0.90 Bahraini dinars per ordinary share, at the bottom of the 0.90-1.25 dinars range. It sold 142 million ordinary shares that will be listed on the Bahrain Stock Exchange and 14.6 million global depositary receipts at \$11.97 each that will be listed in London.

A spokesman for Mumtalakat told Reuters the issue was fully covered but was not oversubscribed.

*(Alroya, 09.11.2010)*

Bahrain was yesterday hailed as the financial and business capital of the region when it received two prestigious international awards. The kingdom was named Best Financial Centre by Global Investor magazine, and the Bahrain's Business Friendly campaign won a prestigious GEMAS Effie MENA Award for its effectiveness in attracting international business to the Gulf's most well established financial centre.

*(Gulf Daily News, 11.11.2010)*

## Saudi Arabia

Property prices in some areas of Saudi Arabia have surged by as much as 40 percent in the second half of this year, fueled by inflation and anticipation over the expected introduction of the mortgage law, Banque Saudi Fransi said in its survey on Saudi real estate for H2. Based on the property asking price data collected, the survey noted that a growing number of Saudis favor larger apartments (135-190 sq m) and smaller villas (300-400 sq m), with families opting to live in villas if they can afford it. Villa sale prices jumped across the country, including median gains for small villas of 19 percent in Riyadh and 17 percent in Jeddah since H1.

*(Saudi Gazette, 09.11.2010)*

Saudi Arabia has awarded two contracts valued at SAR15.7 billion (US\$4.2 billion) for the construction of a power station and a desalination plant in Ras Al Zour. The projects are part of a five-year, \$400 billion fiscal stimulus package announced in late 2008 and designed to lessen the country's reliance on oil exports. Saudi Arabia also approved a five-year, SAR1.44 trillion-riyal (US\$384 billion) development plan in August, SPA reported on August 9.

*(Business Intelligence ME, 10.11.2010)*

Real estate assets worth \$55bn were showcased at Bipex - International Property Exhibition Bahrain (Bipex 2010), held under the patronage of H.E. Shaikh Khalid bin Abdulla Al Khalifa, Deputy Prime Minister, Kingdom of Bahrain according to the event's organisers. The event was held at Bahrain International Exhibition Centre from November 11 to 13, 2010. Commenting on the successful outcome of Bahrain's premier international property show, Mr. Mohammed Khalil Alsayed, Chairman, Bipex Organising Committee, said, "The positive response from stakeholders confirmed the optimism we had felt from the outset that Bipex this year would mark a fresh take-off point for the real estate sector after the comparative inactivity caused by the global economic slowdown.

*(AMEinfo, 18.11.2010)*

Bahrain is to set up a wind energy plant to produce electricity soon, said the Oil and Gas Affairs Minister and National Oil and Gas Authority chairman Dr Abdulhussein Mirza. Dr Mirza said a Japanese company had just concluded tests on wind velocity in Bahrain and would submit the evaluation results soon. He was speaking after a lecture organised by the Bahrain Historical and Archeological Society.

*(Trade Arabia, 23.11.2010)*

The Ministry of Municipal and Rural Affairs has approved a series of executive bylaws to grade contractors, the Saudi Press Agency reported. The statutes have been reviewed with the aim of improving existing regulations. The grade of a contractor is a key factor when tenders are invited for various public and private sector projects and this will minimize the time required by contracting companies to prepare their bids.

*(Arab News, 25.11.2010)*

A World Bank Group (WBG) official has praised the efforts of Bab Rizq Jameel (BRJ) in launching initiatives to create jobs, while also hinting at further cooperation between the two organizations. Lars H. Thunell, executive vice president and CEO of the International Finance Corporation (IFC), a WBG member that provides loans and equity financing for private sector projects, was visiting BRJ. Thunell was welcomed by BRJ's chief job creator Mohammed Abdul Latif Jameel and Saad Attiya Al-Ghamdi, senior deputy president of Abdul Latif Jameel Group (ALJ).

*(Arab News, 23.11.2010)*

## Qatar

Qatari government spending in the next financial year will at least match the \$32bn budgeted for 2010/11, and the Gulf country's economic growth will accelerate next year, its finance minister said on Tuesday. Flush with rising hydrocarbon receipts, the OPEC member boosted spending by 25 percent in its 2010/11 budget, mainly to improve its infrastructure, which lags behind that of rival regional business and trade hub Dubai. "Forty percent of the budget through 2016 will be allocated for infrastructure projects" said Finance Minister Youssef Kamal told an investment forum.

*(Arabian Business, 02.11.2010)*

Qatari Diar, property arm of Qatar's sovereign wealth fund, is likely to win the bid for a \$600m tourism project in Lombok, Gita Wirjawan, Indonesia's investment chief, said on Thursday. "The Qataris are the most serious bidder as they have met the local government," Wirjawan said. Indonesia has shortlisted four firms - a unit of Indian Hotels, the Qatar sovereign wealth fund's property arm Qatari Diar, the UAE emirate Ras Al Khaimah wealth fund's property arm Rakeen, and an unnamed Abu Dhabi firm - for the \$600 million resort project in Lombok island.

*(Arabian Business, 04.11.2010)*

## Oman

The Wave, Muscat is set to launch its first new villa product in nearly two years, a first of-its-kind design previously not offered in the project and which has been developed in response to customer feedback. A total of 70 villas will be released comprising a range of unique floor plans with either garden, water or park views. A total of 36 townhouses will also be introduced to the market in the Luban and Acacia Block of Al Marsa Village in the marina precinct. David Stafford, Vice-President of Sales and Marketing at The Wave said, "The new villa design offers buyers various competitive price points and alternative sizes in line with market expectations. This latest release follows the successful launch of the new apartment and townhouse designs earlier this year, when 95 per cent of properties were sold out in the first month of release."

*(Oman Daily Observer, 01.11.2010)*

The Sultanate of Oman has been attracting more and more inbound tourists which is reflected in the number of hotels being opened in the country, according to Mohammed al Toobi, Under-Secretary at the Ministry of Tourism. The number of hotels and hotel apartments in the country, according to a recent study, has increased from 30 in 1990 to 195 in 2008, with an average annual growth rate of 10 per cent. Besides, the Sultanate has plans to increase the number of hotel rooms to 16,000 by the end of 2010 from the present number of more than 10,000, according to the tourism officials.

*(Oman Daily Observer, 28.11.2010)*

## Kuwait

Kuwait may post a budget surplus of as much as \$18.9 billion for the current fiscal year as the first six months' revenue topped government forecasts for the whole year, the National Bank of Kuwait said. The surplus will total between \$12.1 billion and \$18.9 billion, the country's largest commercial bank predicted in an emailed report yesterday. It will be Kuwait's 12th consecutive budget surplus. Income for the six months to September 30 was \$35.4 billion, while projected revenue for the whole year had been \$34.6 billion, according to data posted on the Ministry of Finance's website.

*(Arabian Business, 09.11.2010)*

The production capacity of Kuwait's northern oil fields will soon rise to 820,000 barrels per day (bpd), state news agency KUNA quoted a senior oil industry executive as saying on Tuesday. Sami al Rushaid, chairman of the state explorer Kuwait Oil Co (KOC), said current output from an early production facility will add 120,000 barrels per day once it reaches full capacity. The agency did not give a more specific time frame for the increase. Kuwait, the world's fifth largest oil exporter, plans to boost output capacity to 4 million bpd by 2020 from the current 3.3 million bpd.

*(Arabian Business, 23.11.2010)*

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